

E-File: December 7, 2016

1 Shirley S. Cho, Esq. (CA Bar No. 192616)
 2 Pachulski Stang Ziehl & Jones LLP
 3 10100 Santa Monica Blvd., 13th Floor
 4 Los Angeles, California 90067-4100
 Telephone: 310/277-6910
 Facsimile: 310/201-0760
 Email: scho@pszjlaw.com

6 Zachariah Larson, Esq. (NV Bar No. 7787)
 7 LARSON & ZIRZOW LLC
 8 850 E. Bonneville Ave.
 Las Vegas, NV 89101
 Telephone: 702/382-1170
 Facsimile: 702/382-1169
 Email: zlarson@lzlawnv.com

10 Attorneys for Reorganized Debtors

11 **UNITED STATES BANKRUPTCY COURT**
DISTRICT OF NEVADA

13 In re:

14 THE RHODES COMPANIES, LLC, aka
 "Rhodes Homes," et al.¹

15 Debtors.

16 Affects:



Case No.: BK-S-09-14814-gwz
 (Jointly Administered)

Chapter 11

Date: January 17, 2016
 Time: 2:00 p.m.
 Location: Courtroom 1
 5th Flr., Clifton Young Courthouse
 300 Booth Street
 Reno, NV
 Judge: Honorable Gregg W. Zive

21 _____
 22 ¹ The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778);
 23 The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC
 (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822);
 24 Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers
 Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-
 14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General
 Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC
 (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No.
 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853);
 Rhodes Ranch Golf and Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP
 (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No.
 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case
 No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-
 14884); and Pinnacle Grading, LLC (Case No. 09-14887).

VERIFIED FINAL REPORT

Pursuant to the *Proposed Findings of Fact, Conclusions of Law, and Order*

Confirming the First Lien Steering Committee's Third Amended Modified Plan of Reorganization

Pursuant to Chapter 11 of the Bankruptcy Code for The Rhodes Companies, LLC, et al. [Docket No. 1053] (the “Confirmation Order”), confirming the First Lien Steering Committee’s Third Amended Modified Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code for the Rhodes Companies LLC, et al. (as attached to the Confirmation Order, and including all supplements, the “Plan”), which Plan became effective on April 1, 2010 (the “Effective Date”), the undersigned representative of the Reorganized Debtors does hereby declare that:

1. All disbursements required to be made under the Plan by the Reorganized Debtors have been made and all matters to be completed upon the Effective Date of the Plan have been fulfilled or completed except as noted below with respect to U.S. Trustee fees for the present quarter, which are not yet due.

2. There are no pending adversary proceedings or contested matters with respect to claims handled by the Reorganized Debtors that would affect the substantial consummation and closing of these cases.

3. All distributions to be made under the Plan on account of proof of claims filed in these cases have been made prior to the hearing upon the Motion.

PAYMENTS TO CREDITORS AND INTERESTS

4. The Plan provided that as of the Effective Date, Administrative Claims and Priority Tax Claims would be paid as follows:

(1) **Administrative Claims:** Each Allowed Administrative Claim shall be paid in full, in Cash, (i) on the later of (a) the Effective Date, (b) the date on which the Bankruptcy Court enters an order allowing such Allowed Administrative Claim or (c) the date on which the Reorganized Debtors or the Debtors, with the consent of the First Lien Steering Committee (and in consultation with the First Lien Agent and Second Lien Agent) and the Holder of such Allowed Administrative Claim otherwise agree, and (ii) in such amounts as (a) are incurred in the ordinary course of business by the Debtors, (b) are Allowed by the Bankruptcy Court, (c) may be agreed upon between the Holder of such Allowed Administrative Claim and the Reorganized Debtors or the Debtors, with the consent of the First Lien Steering Committee (and in consultation with the First Lien Agent and Second Lien Agent), or (d) may otherwise be

1 required under applicable law. Such Allowed Administrative Claims shall
 2 include costs incurred in the operation of the Debtors' businesses after the
 3 Petition Date, the allowed fees and expenses of Professionals retained by the
 4 Debtors and the Creditors' Committee and the fees due to the United States
 5 Trustee pursuant to 28 U.S.C. § 1930.

6 (2) **Priority Tax Claims:** Allowed Priority Tax Claims shall be paid in full, in
 7 Cash, upon the later of (a) the Effective Date, (b) the date upon which there is
 8 a Final Order allowing such Claim as an Allowed Priority Tax Claim, (c) the
 9 date that such Allowed Priority Tax Claim would have been due if the Chapter
 10 11 Cases had not been commenced, or (d) upon such other terms as may be
 11 agreed to between the Reorganized Debtors or the Debtors, with the consent
 12 of the First Lien Steering Committee (and in consultation with the First Lien
 13 Agent and Second Lien Agent), and any Holder of an Allowed Priority Tax
 14 Claim; provided, however, that the Reorganized Debtors or Debtors, with the
 15 consent of the First Lien Steering Committee (and in consultation with the
 16 First Lien Agent and Second Lien Agent), in lieu of payment in full of
 17 Allowed Priority Tax Claims on the Effective Date, may make Cash payments
 18 respecting Allowed Priority Tax Claims deferred to the extent permitted by
 19 Section 1129(a)(9) of the Bankruptcy Code and, in such event, unless
 20 otherwise provided herein, interest shall be paid on the unpaid portion of such
 21 Allowed Priority Tax Claim at the Federal statutory rate; provided, further,
 22 that deferred Cash payments on account of an Allowed Priority Tax Claim
 23 shall be paid quarterly over a period of six years commencing with the quarter
 24 after which such Priority Tax Claim has been Allowed.

25 5. Other than the fourth quarter 2016 U.S. Trustee fees, which are not yet due, all
 26

27 Allowed Administrative Claims and Allowed Priority Tax Claims have been paid pursuant to the
 28 Plan. The Reorganized Debtors shall file and pay the fourth quarter 2016 U.S. Trustee fees in
 January 2017.

29 6. Creditors were divided into one of ten (10) classes in the Plan and provided
 30 the following treatment under the Plan. To the extent payment was required, the Reorganized
 31 Debtors made the payments indicated by the Plan. To the extent the Plan treatment below calls for
 32 receipt of a pro-rata portion of Litigation Trust interests, the Litigation Trust that was established on
 33 the Effective Date provided a distribution of its trust interests pursuant to the terms of the Plan:

34 (1) **Class A-1: First Lien Lender Secured Claims:** The Plan provides that on
 35 the Effective Date or such other date as set forth herein, each of the First Lien
 36 Lenders (or its Permitted Nominee) shall receive on account of its Secured
 37 Claims, (w) its pro rata share of \$1.5 million in Cash from the proceeds of the
 38 First Lien Lenders' Collateral, (x) its pro rata share of 100% of the New First
 39 Lien Notes, and (y) its pro rata share of 100% of the Newco Equity Interests
 40 (subject to dilution for any Newco Equity Interests issued pursuant to a

1 Management and Director Equity Incentive Plan). The \$1.5 million payment
 2 to the First Lien Lenders shall be allocated and deemed paid to the First Lien
 Lenders in accordance with Article VII.F. of the Plan.

- 3 (2) **Class A-2: Second Lien Lender Secured Claims:** The Plan provides that
 4 on the Effective Date, only if the Class of Second Lien Lender Secured
 5 Claims votes in favor of the Plan, each of the Second Lien Lenders (or its
 6 Permitted Nominee) shall receive its pro rata share of a 50% interest in the
 7 Stanley Engineering Litigation, without a reduction on account of the
 8 reasonable fees and expenses of Ropes & Gray LLP and local counsel for the
 9 Second Lien Agent, subject to an aggregate cap of \$500,000, each of which
 10 such fees shall be paid in Cash to the Second Lien Agent on the Effective
 11 Date. If the Class of Second Lien Lender Secured Claims votes in favor of the
 12 Plan, upon final resolution of the Stanley Engineering Litigation, each holder
 13 of an Allowed Second Lien Lender Claim will receive its pro rata share of the
 14 net proceeds of the Stanley Engineering Litigation. If the Class of Second
 15 Lien Lender Secured Claims votes against the Plan, each of the Second Lien
 16 Lenders shall receive no recovery on account of such Secured Claims.
 17
- 18 (3) **Class A-3 – Other Secured Claims:** The Plan provides that to the extent not
 19 satisfied by the Debtors, pursuant to Bankruptcy Court order, in the ordinary
 20 course of business prior to the Effective Date, at the option of the Reorganized
 21 Debtors on or after the Effective Date (i) an Allowed Other Secured Claim
 22 shall be Reinstated and rendered Unimpaired in accordance with section
 23 1124(2) of the Bankruptcy Code, (ii) a Holder of an Allowed Other Secured
 24 Claim shall receive Cash in an amount equal to such Allowed Other Secured
 25 Claim, including any interest on such Allowed Other Secured Claim required
 26 to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of
 27 the Effective Date and the date such Other Secured Claim becomes an
 28 Allowed Other Secured Claim, or as soon thereafter as is practicable, (iii) a
 Holder of an Allowed Other Secured Claim shall receive the Collateral
 securing both its Allowed Other Secured Claim and any interest on such
 Allowed Other Secured Claim required to be paid pursuant to section 506(b)
 of the Bankruptcy Code, or (iv) a Holder of an Allowed Other Secured Claim
 shall receive such treatment as to which such holder and the Reorganized
 Debtors or the Debtors, with the consent of the First Lien Steering Committee
 (and in consultation with the First Lien Agent and Second Lien Agent),
 otherwise agree.
- 29 (4) **Class B – Priority Non-Tax Claims:** The Plan provides that each Holder of
 30 an Allowed Priority Non-Tax Claim shall receive Cash in an amount equal to
 31 such Allowed Priority Non-Tax Claim on the later of the Effective Date and
 32 the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax
 33 Claim, or as soon thereafter as is practicable, unless the Holder of an Allowed
 34 Priority Non-Tax Claim and the Reorganized Debtors or the Debtors, with the
 35 consent of the First Lien Steering Committee (and in consultation with the
 36 First Lien Agent and Second Lien Agent), otherwise agree.
- 37 (5) **Class C-1 General Unsecured Claims (including any Allowed Rhodes
 38 Entities Claims):** The Plan provides that on the Effective Date, each Holder
 39 of an Allowed General Unsecured Claim (including any Allowed Rhodes
 40 Entities Claims) shall receive its pro rata share of the Litigation Trust Interests
 41 allocable to the Holders of General Unsecured Claims on account of its
 42 Allowed Claim.

- (6) **Class C-2 – First Lien Lender Deficiency Claim:** The Plan provides that on the Effective Date, each Holder of a First Lien Lender Deficiency Claim shall receive its pro rata share of the Litigation Trust Interests allocable to the Holders of First Lien Lender Deficiency Claims on account of its Allowed Claim.
 - (7) **Class C-3 – Second Lien Lender Deficiency Claim:** The Plan provides that on the Effective Date, each Holder of an Allowed Second Lien Lender Deficiency Claim shall receive its pro rata share of the Litigation Trust Interests allocable to the Holders of Second Lien Lender Deficiency Claims on account of its Allowed Claim. If the Class of Second Lien Lender Secured Claims votes against the Plan, the distribution of Litigation Trust Interests allocable to the Holders of Second Lien Lender Deficiency Claims shall be subject to the reasonable fees and expenses of Ropes & Gray LLP and local counsel for the Second Lien Agent.

Dated: December 7, 2016

By:

R.D.
Richard Dix
Responsible Individual